



Natural Resources Conservation Service
6013 Lakeside Blvd.
Indianapolis, IN 46278

April 1, 2008

SUBJECT: LTP – Harvesting Cover Crops for Grain under EQIP Contracts

File Code: 300-19

TO: All Employees

The purpose of this memo is to address questions arising on the harvest of cover crops for grain where the cover crops were seeded under the 2007 Emergency Cover Crops provisions, or in 2008 EQIP contracts under the Cover Crop/Soil Quality Initiative. Due to the ever rising price of all grains, producers are asking about the potential to harvest, for grain, wheat that was planted as a cover crop under the EQIP program.

The drought conditions of 2007 damaged pasture and hayland resources causing a need for Indiana livestock producers to graze or harvest row crop residues for supplemental forage. To reduce soil resource degradation as a result of this grazing and harvest, there was a need to seed cover crops. In an effort to meet this need, additional EQIP funds were requested and received for FY07. Based on the demand the cover crop initiative was included as part of the FY 08 EQIP. Cover crop only applications were funded on a first come - first serve basis without ranking prior to October 15, 2007.

The purposes of the 2007 Emergency Cover Crop and the 2008 Cover Crop/Soil Quality Initiative were to:

1. Provide water and wind erosion control, and
2. Minimize and reduce soil compaction

In keeping with the intent to protect the resource base Indiana Bulletin 300-8-1, dated October 1, 2008, defined provisions for the implementation of the 2008 Cover Crop/Soil Quality Initiative prior to the October 15, 2007 seeding cutoff date. One of those provisions prohibits the harvest of cover crops for grain.

This provision was added to the "EQIP Indiana 2008 State Guidelines" through the changes incorporated by Indiana Amendment 4 to the Conservation Programs Manual, 440-V-CMP, Part 515, released by Indiana Bulletin 300-8-8, dated November 1, 2007. Both have been well advertised and discussed.

Under the EQIP program NRCS has no authority to pay for the planting of commodity crops for harvest. Additionally, there is no method to accept a repayment of cost shares paid and still maintain a valid EQIP contract. **Therefore, any cover crops that are harvested for grain are violations of the contract and are subject to contract termination and full cost recovery.**

Those participants with cover crops only in their EQIP contracts may decide to request cancellation of their contracts and pay the cost recovery and liquidated damages. That would be their choice.

Participants with cover crops and other cost shared items in their contracts will need to fully evaluate the cost of contract cancellation/ termination vs. the market advantage of selling the wheat. These decisions are up to the participant, and NRCS personnel should refrain from any financial discussion beyond calculating potential cost recovery.

To ensure that all participants have the same information, District Conservationists should remind EQIP participants with wheat cover crops of the contract provisions and the **potential** for cost recovery if the wheat is harvested. The State Conservationist will make the final determination of cost recovery.

If you have questions on this, contact Jim Dunaway, EQIP Program Manager, at 317-290-3200, ext. 334.

/s/

JANE E. HARDISTY
State Conservationist